



# *CITY COUNCIL*

## *Finance Committee*

**Monday, April 2, 2007  
Meeting Report**

**Committee Members in Attendance:** M. Goodman-Hinnershitz, Chair, J. Waltman, S. Fuhs

**Others Attending:** R. Hottenstein, L. Kelleher, D. Cituk, V. Spencer, C. Younger

Ms. Goodman-Hinnershitz called the meeting to order at 5:05p.m.

### **I. Compensation Ordinance for Elected Officials**

Ms. Kelleher distributed the Elected Officials Salary survey from the PLCM. To date only three cities responded – Bethlehem, Harrisburg, and Scranton. The survey shows the salaries in these cities for the Mayor range from \$55,000 to \$70,000 and the salaries for City Council range from \$6,500 to \$15,000.

The committee discussed the ordinances prepared by Council staff and the City Auditor. The Council staff ordinance proposes a \$3,000 increase to the Auditor and the Mayor for the period beginning the first Monday in January 2008 and ending the first Monday in January 2012. This ordinance also proposes that the Mayor and Auditor receive an automatic increase of \$3,000 on a quadrennial basis, caps the salary of the Auditor at \$75,600 and the Mayor at \$90,600. The proposal suggests that increases go with the term of office as the City voters are the only party that can evaluate performance of the elected officials.

The ordinance suggested by the City Auditor would raise the salary of the Mayor and Auditor \$2,000 per year over the four year term. These raises would provide an increase of between 3% and 3.5% annually.

There was a discussion on the Charter requirement mandating the Auditor's and Mayor's salary to be increased by the same dollar amount. The Charter sets the Auditor's salary at \$15,000 below that of the Mayor.

Ms. Goodman-Hinnershitz and Mr. Fuhs noted the need to separate the merit increase from a cost of living increase for these positions.

Mr. Cituk agreed noting that merit can only be decided by the voters. He stated that City management employees are provided with annual increases ranging between 1% and 6%. He stressed the need for salaries of elected officials to also receive an annual COLA.

Mr. Fuhs agreed with providing a COLA for the Mayor and Auditor as long as it is equal to the rate of inflation.

Mr. Waltman disagreed with increases for either position.

The Committee discussed percentage rates and the frequency of increases.

Mr. Cituk argued that the Mayor and Auditor should receive the same percentage increases afforded to management employees. It was noted that elected officials are not held to mandated attendance requirements as are management employees.

After a lengthy discussion, Mr. Waltman suggested a \$1,500 flat increase.

In response to a question, Mr. Cituk stated that the Auditor currently earns \$51,600 and the Mayor earns \$66,100. There was a discussion on the need to separate the salaries of the Auditor and the Mayor by amending the Charter.

Mr. Waltman stressed the need for Council to address the salaries of elected officials prior to the time petition forms are circulated by those running for the positions. He expressed the belief that a salary bump may attract candidates. Mr. Cituk agreed.

There was next a discussion on the need to separate the salary that is fair for the position as the position is not a management or career position. Mr. Cituk added that interest in running for the Auditor position has been low due to the low salary.

The Committee agreed that the salary structure for these positions needs to be fair and increased at the inflationary rate.

The Committee agreed to provide increases for the Mayor and Auditor at the CPI rate. Mr. Cituk disagreed. Mr. Hottenstein announced that the CPI rate falls between 2.2% and 2.4%.

**Mr. Waltman moved, seconded by Mr. Fuhs, to provide a \$2,000 flat increase for the Mayor and the Auditor running with the term of office 2008 through 2012. Motion was approved and will be referred to the Committee of the Whole for discussion. The Committee also agreed to recommend no salary increase for the members of Council.**

## **II. Park Endowment**

Mr. Younger stated that the Law Department needs to do further research on the establishment of a Foundation that would assist the City with park maintenance and recreation programs.

Ms. Kelleher asked the Solicitor to review the information in the agenda packet at Tab 2 stating that under the Pennsylvania Consolidated Statutes 53 PA.C.S. § 1391 (2004) Acceptance of Gifts or Donations allows municipalities to receive in trust money, assets, property, controlled by the governing body to benefit the municipality and its residents.

There was a discussion on the formation of a 501 C 3 to support park maintenance and recreation programs.

Mr. Hottenstein and Ms. Kelleher reported that they found two cities who have formed foundations to run recreation programs: Lancaster and Flint, MI.

Ms. Goodman-Hinnershitz agreed that the City needs to find a creative ways to provide for park maintenance and recreation programs outside the general fund. She described the method used by the Reading School Board to fund the Museum through an independent board. She stressed the need to create this foundation or board prior to the receipt of the money for the sale of Antietam.

Mr. Waltman reminded all the Council can also set up contingency funds to do the same. He stated that in 2000 or 2001 Council created a contingency fund to safeguard a fund balance.

Mr. Waltman and Ms. Goodman-Hinnershitz noted that although most City playgrounds have been rehabilitated the City needs to continue to plan for the replacement of and rehabilitation of many public facilities. Ms. Goodman-Hinnershitz noted the need for the repair of the broken bandshell benches.

### **III. Policy for Debt Financing**

Mr. Hottenstein and Ms. Kelleher distributed a draft policy for the review of bonds and other debt financing instruments. Mr. Hottenstein explained that most times the Administrations knows well in advance when a bond issue will be needed; however, some financing opportunities come up without warning.

Mr. Fuhs inquired if the City takes out bonds through the RFP process. Mr. Hottenstein replied that the City's financial advisor takes care of the bidding process.

Mr. Hottenstein stated that the policy requires the Administration to bring bonds and debt financing issues before the Council 60 days prior to the need for their adoption. Ms. Kelleher stated that the policy also requires the Administration to bring bond or debt financing issues before Council 60 days prior to the start of the budget process.

Mr. Waltman requested a break-out of the closing costs and fees associated with the bonds and financing options approved by the City over the past two years. Mr. Hottenstein stated that this information will be distributed at the next Finance Committee meeting.

### **IV. Budget Summit**

The Committee discussed the need to schedule the 2008 Budget Summit. The Committee agreed to hold this meeting on Saturday, June 9 from 9 am to 2 pm in the Penn Room. Topics to be discussed will include:

- Revenue – current and long range
- Expenditures – current and long range
- Five Year Plan
- Policy Issues
  - Pension Issues
  - Annual Expenditure Per Pension Group

- Revitalization and Housing Strategy
- Land Value Tax (City Auditor to provide a spreadsheet on how the land value tax will affect all property owners)

Ms. Kelleher and Mr. Hottenstein noted that this aggressive schedule may require a second Budget Summit. The Committee agreed and set aside Saturday, July 14<sup>th</sup> as a tentative date for the second Budget Summit.

Mr. Hottenstein suggested holding land value tax discussions in early 2008 for implementation in 2009.

Respectfully submitted by,

Linda Kelleher  
City Clerk